

Legislative Audit Division

State of Montana



Report to the Legislature

February 1999

Information System Audit

The Economic Assistance Management System (TEAMS)

Department of Public Health and Human Services

This report provides information regarding our Information System Audit of controls relating to TEAMS. Included are four individual recommendations for improving controls over TEAMS' electronic data processing environment. These recommendations address:

- ▶ Incomplete file documentation.
- ▶ Inaccurate applicant time limits.
- ▶ Inaccurate income and resource code tables.
- ▶ Unnecessary access privileges granted to contract employees.

Direct comments/inquiries to:
Legislative Audit Division
Room 135, State Capitol
PO Box 201705
Helena MT 59620-1705

99DP-03

Help eliminate fraud, waste, and abuse in state government. Call the Fraud Hotline at 1-800-222-4446 statewide or 444-4446 in Helena.

INFORMATION SYSTEM AUDITS

Information System (IS) audits conducted by the Legislative Audit Division are designed to assess controls in an IS environment. IS controls provide assurance over the accuracy, reliability, and integrity of the information processed. From the audit work, a determination is made as to whether controls exist and are operating as designed. In performing the audit work, the audit staff apply audit standards set forth by the United States General Accounting Office.

Members of the IS audit staff hold degrees in disciplines appropriate to the audit process. Areas of expertise include business, accounting, and finance.

IS audits are performed as stand-alone audits of general and application controls or in conjunction with financial-compliance and/or performance audits conducted by the office. These audits are done under the oversight of the Legislative Audit Committee which is a bicameral and bipartisan standing committee of the Montana Legislature. The committee consists of six members of the Senate and six members of the House of Representatives.

MEMBERS OF THE LEGISLATIVE AUDIT COMMITTEE

Senator Linda Nelson, Chair
Senator Sue Bartlett
Senator Reiny Jabs
Senator Tom Keating
Senator Ken Miller
Senator Barry "Spook" Stang

Representative Bruce Simon, Vice Chair
Representative Beverly Barnhart
Representative Ernest Bergsagel
Representative A. R. "Toni" Hagener
Representative Robert Pavlovich
Vacant

LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor
John W. Northey, Legal Counsel
Tori Hunthausen, IT & Operations Manager



Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
James Gillett, Financial-Compliance Audit

February 1999

The Legislative Audit Committee
of the Montana State Legislature:

This report is on our information system audit of controls relating to The Economic Assistance Management System (TEAMS) at the Department of Public Health and Human Services. This report contains recommendations for improving controls within the TEAMS data processing environment. Department responses to our audit recommendations are included in the back of the audit report.

We thank the department for its cooperation and assistance throughout the audit.

Respectfully submitted,

(Signature on file)

Scott A. Seacat
Legislative Auditor

Legislative Audit Division

Information System Audit

The Economic Assistance Management System (TEAMS)

Department of Public Health and Human Services

Members of the audit staff involved in this audit were Wendy Kittleson, Rene Silverthorne, and Lon Whitaker.

Table of Contents

	Appointed and Administrative Officials	Page ii
	Report Summary	Page S-1
Chapter I - Introduction	Introduction and System Background	Page 1
	Organization of Report	Page 2
	Audit Objectives	Page 2
	Audit Scope and Methodology	Page 2
	Compliance	Page 3
Chapter II - The Economic Assistance Management System (TEAMS)	Introduction	Page 5
	Conclusion	Page 5
	Incomplete File Documentation	Page 5
	Inaccurate Applicant Time Limits	Page 6
	Inaccurate Income and Resource Code Tables	Page 7
	Unnecessary Access Privileges Granted to Contract Employees	Page 8
Agency Response	Department of Public Health and Human Services	Page 11

Appointed and Administrative Officials

Department of Public Health and Human Services

Laurie Ekanger, Director

Mike Billings, Administrator, Operations and Technology Division

Marilyn Carlin, Chief, External Systems Bureau

Amy Strom, TEAMS Project Manager

Hank Hudson, Administrator, Public Assistance Division

Karlene Grossberg, Chief, Public Assistance Bureau

Introduction

The Economic Assistance Management System (TEAMS) contains information on the client, case, and federal program for cash assistance, food stamps, Medicaid, and child care. Based on data entered from the client's application, TEAMS calculates the benefit amounts to which the client is entitled. The TEAMS system required extensive programming modifications due to changes in federal and state financial assistance programs.

The audit evaluated controls implemented by the department over TEAMS in selected areas. We reviewed federal requirements over client data processed through TEAMS, and tested the accuracy of eligibility and benefit determinations. We also evaluated the system change control process, electronic access controls, and interface procedures.

Background information and audit scope are discussed in Chapter I. Further detail regarding the audit issues summarized below is included in Chapter II. **The Economic Assistance Management System processes information as intended. However, some of the tables referred to during processing contain invalid data and could cause inaccurate eligibility determination.** Eligibility benefits were determined correctly for the cases we reviewed. However, specific tables identified cause incorrect benefits for cases with specific types of income or resources.

Incomplete File Documentation

We identified cases where the required eligibility checklist was not in the hard copy file. The documents are used to inform clients of their rights and responsibilities as a program participant. According to program policy, caseworkers are required to obtain a signed eligibility checklist annually when the client's benefits are recalculated. The checklist should be a routine component of the client's annual case review, and maintained in the case file.

Report Summary

Inaccurate Applicant Time Limits

The FAIM cash assistance program is intended as a temporary measure to help families become self-sufficient. Federal regulations allow eligible families to receive assistance for 60 months. Each month of cash assistance received in any state counts toward the 60-month limit. In five of fifty-five cases tested, the remaining months allowed for assistance were incorrect.

TEAMS correctly tracks the months an applicant is eligible for cash assistance. In the instances identified, caseworkers did not enter the required information in TEAMS or send the required forms to the central office for processing. The department should ensure the established procedures are followed to verify client time limits are accurate.

Inaccurate Income and Resource Code Tables

Income and resource code tables are used in TEAMS to classify the different types of income and resources a recipient receives or owns, and whether the resources should be used in determining the benefit amounts for cash assistance, food stamps, and Medicaid. We identified codes that are not in compliance with federal regulations.

Cash benefits were understated by \$250 for one client over a five-month period. These codes only effect cash benefits when specific situations are present in the case. To prevent inaccurate benefit determinations, the department should modify income resource tables upon changes in federal regulations.

Unnecessary Access Privileges Granted to Contract Employees

We identified four contract programmers with access to TEAMS programs, who were no longer assigned to the project. Inappropriate access may result in unauthorized changes to TEAMS programs.

The department should establish procedures to identify and remove unnecessary contract employee access privileges when there is a change in project assignments.

Chapter I - Introduction

Introduction and System Background

We performed an information system audit of TEAMS at the Department of Public Health and Human Services (DPHHS). We reviewed controls over input, processing, and output of client file data processed through TEAMS. In addition, the audit reviewed controls over electronic access, interfaces, and system maintenance.

TEAMS is a computer application administered by DPHHS. TEAMS contains information on the person, case, and federal program for cash assistance, food stamps, Medicaid, and child care. Based on data entered from the client's application, TEAMS calculates the benefit amounts to which the client is entitled. TEAMS interfaces with other department computer systems, including Montana Medicaid Information System, System for the Enforcement and Recovery of Child Support, and Child and Adult Protective Services. TEAMS also interfaces with Social Security Administration, Department of Labor, and the Internal Revenue Service to verify the accuracy of client records.

In April 1994, Montana outlined its plan for the Families Achieving Independence in Montana (FAIM) program. The project was designed to significantly change welfare services in the state. Subsequent to FAIM, the federal Temporary Assistance for Needy Families (TANF) program was established. TANF is a major federal financial assistance program for the state. The federal government is allowing DPHHS to continue administration of FAIM as long as mandatory regulations for TANF are incorporated. The TEAMS system required extensive programming changes due to the implementation of FAIM and TANF.

FAIM provides assistance to needy families with children and promotes the values of work, responsibility, and family. The program provides job preparation, support services, vigorous pursuit of child support, and other alternatives for parents or caretakers receiving cash assistance.

The FAIM welfare reform program provides temporary assistance to eligible families through one of three components: the Pathways Program, the Community Services Program (CSP), or the Job Supplement Program (JSP). Pathways provides time-limited cash benefits while preparing participants to enter subsidized employment.

Chapter I - Introduction

After 24 months of Pathways benefits, non-exempt families can only receive cash benefits through CSP.

CSP requires 25 hours per week of community service activities for a single-parent family and 35 hours for a two-parent family in exchange for cash benefits. Except for individuals with specific hardships, participants are limited to three years in CSP, which results in a lifetime cap of five years in Pathways/CSP. JSP provides supportive benefits, other than cash assistance, to help participants that are already working maintain their employment and self-sufficiency.

Organization of Report

The report is organized into two chapters. In addition to providing system background information, Chapter I addresses the audit objectives, scope, and methodology. Chapter II reports the audit findings related to controls over the system and data processed through the system.

Audit Objectives

The objectives of this audit were to determine if:

1. TEAMS provides processing results in compliance with TANF and FAIM.
2. TEAMS accurately assesses eligibility and benefits, and payments are accurately posted to SBAS.
3. Electronic access controls ensure access to the system is appropriate.
4. System maintenance is controlled and authorized.

Audit Scope and Methodology

The audit was conducted in accordance with Government Auditing Standards published by the United States General Accounting Office. We compared the department's system controls against criteria established by the electronic data processing industry. This audit evaluated controls implemented by the department over TEAMS in the following areas.

We reviewed FAIM requirements over client data processed through TEAMS in calendar year 1998. We reviewed 55 active case files from four county offices. All cases received cash assistance and Medicaid,

and 54 cases received food stamps. We determined whether hard copy file documentation was complete according to FAIM requirements. We also compared file documentation with data input on the system, and tested benefit calculations. We verified whether TEAMS accurately tracks the number of months a client is eligible to receive benefits.

We reviewed the system change control process as well as the supporting system documentation. This included an evaluation of department procedures for requesting changes, user involvement, testing procedures, and department acceptance. We also reviewed interface procedures to obtain an understanding of controls over the transmission of data to other systems.

Electronic access controls were reviewed to determine if access privileges are granted appropriately for entering client data and maintaining application software. We discussed concerns with management regarding procedures for granting access beyond the minimum default privileges.

Areas of concern deemed not to have a significant effect on the successful operation of the TEAMS application are not specifically included in this report, but have been discussed with department management.

Compliance

The audit reviewed application processing for compliance with department procedures and policies, and state and federal laws. We tested compliance with new federal requirements regarding cash assistance for needy families. Generally, we found TEAMS is in compliance with federal regulations. However, we identified income and resource code exemption tables that do not agree with current federal regulations. This issue is discussed further on page 7.

Chapter II - The Economic Assistance Management System (TEAMS)

Introduction

This chapter discusses audit issues identified within the TEAMS processing environment. We limited control work to areas relating to input, processing, and output functions to determine if TEAMS provides processing results in compliance with TANF and FAIM regulations. We evaluated applicant files to determine if required documentation is maintained, and we reviewed processing results to verify applicant eligibility is assessed accurately.

Conclusion

The Economic Assistance Management System processes information as intended. However, some of the tables referred to during processing contain invalid data and could cause inaccurate eligibility determination. Eligibility benefits were determined correctly for the 55 cases we reviewed. However, specific tables identified cause incorrect benefits for cases with specific types of income or resources, and are discussed further on page 7.

Our audit found instances where the information provided by the client was not updated to TEAMS. The department should also remove access privileges to contract employees that no longer require access to TEAMS. These issues are discussed in the following sections.

Incomplete File Documentation

We reviewed hard copy file documentation to determine if FAIM policy requirements are being met. The purpose of the policy is to keep clients and caseworkers actively involved in case maintenance and aware of the time limit remaining for cash assistance.

Eight of fifty-five case files tested did not contain an eligibility checklist. According to FAIM policy, caseworkers are required to obtain a signed eligibility checklist annually when the client's benefits are recalculated. Caseworkers use this form to screen for such things as parole/probation violations, or applicants who are misrepresenting themselves in order to obtain multiple benefits.

The department did not give a specific reason why these forms were not in the file, but have reminded county offices of the FAIM requirement. The checklist informs clients of their rights and responsibilities as a program participant, and the client's signature confirms receipt of the

Chapter II - The Economic Assistance Management System (TEAMS)

information. The checklist should be a routine component of client's annual case review and maintained in the case file.

Recommendation #1

We recommend the department ensure the required documentation is maintained in the client's hard copy file in accordance with FAIM policy.

Inaccurate Applicant Time Limits

The FAIM cash assistance program is intended as a temporary measure to help families become self-sufficient. Federal regulations allow eligible families to receive assistance up to 60 months. Each month of cash assistance received in any state counts toward the 60-month limitation. TEAMS uses time clocks to track the number of benefit months available to a client. Exemptions are granted to clients that are not required to seek employment. For example, clients over age sixty, or parents with a child under age one are not required to seek employment. We verified the system time clocks will not increment for any month when the exemption is entered and that TEAMS correctly tracks the months an applicant is eligible for cash assistance.

Five of fifty-five cases tested had inaccurate time clocks. Although the forms were completed and approved, caseworkers did not enter the time clock exemption information in TEAMS. In these situations, the clients' eligibility term for cash assistance is incorrectly reduced. Clients could be denied assistance when they are still eligible.

FAIM policy defines procedures for establishing time clock exemptions and completing retroactive time clock adjustments on TEAMS. In the instances identified, caseworkers did not enter the required information in TEAMS or send the required forms to the central office for processing. The department should ensure the established procedures are followed to verify client time limits are accurate.

Recommendation #2

We recommend the department ensure caseworkers follow established procedures to record time clock exemptions in TEAMS.

Chapter II - The Economic Assistance Management System (TEAMS)

Inaccurate Income and Resource Code Tables

Income and resource code tables in TEAMS are used to classify the different types of income and resources a recipient receives or owns. The tables tell the system whether client resources are included in determining the benefit amounts for cash assistance, food stamps, and Medicaid. We reviewed system tables and identified codes that are not in compliance with federal regulations.

Prior to FAIM policy, a \$50 housing subsidy was deducted from the clients' monthly cash benefit. FAIM policy changed this requirement and the benefit is no longer recorded as income to the client. The department submitted a request to have the contractor remove the income code from TEAMS in January 1997. In December 1998, the housing subsidy code was still an allowable entry on TEAMS.

We performed additional testing and ran a report which identified 90 cases where the incorrect income code was used. Cash benefits were understated by \$250 for one client over a five-month period. The other cases identified were not receiving cash assistance, so the error did not affect benefits. However, if the clients apply for cash assistance, TEAMS would calculate the monthly benefit at \$50 less than allowed. The department is correcting the housing subsidy code and the cases affected.

We identified other non-compliant income and resource codes. However, these codes are used rarely and only affect cash benefits when specific situations are present in the case. For example, many of the incorrect codes classify how resources from an institutionalized spouse affect the benefits of the spouse in the community.

The department has submitted a request to update all income and resource table codes. Due to existing requests for system modifications with higher priorities, the department has not scheduled a completion date. To prevent inaccurate benefit determinations, the department should modify income resource tables upon changes in federal regulations.

Chapter II - The Economic Assistance Management System (TEAMS)

Recommendation #3

We recommend the department update income and resource code tables to comply with current federal regulations.

Unnecessary Access Privileges Granted to Contract Employees

The audit reviewed security controls to determine if system access is limited according to job functions. We identified four contract programmers with access to TEAMS programs, even though they were no longer assigned to the project.

Industry standards recommend that management limit access to production programs and data to individuals who need it to perform their jobs. In addition, the access privileges should be removed when no longer needed. Inappropriate access may result in unauthorized changes to TEAMS programs. For example, a programmer could change a table code value causing TEAMS to incorrectly determine benefits.

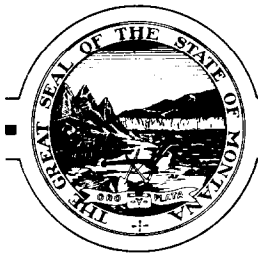
The department has procedures in place to identify and remove access for contract employees that terminate employment. However, they have not established procedures for identifying contract employees that move from one project to another.

Recommendation #4

We recommend the department establish procedures to identify and remove contract employee access to TEAMS upon changes in project assignments.

Agency Response

DEPARTMENT OF
PUBLIC HEALTH AND HUMAN SERVICES



MARC RACICOT
GOVERNOR

LAURIE EKANGER
DIRECTOR

STATE OF MONTANA

MAR - 9 1999

March 4, 1999

Scott A. Seacat
Legislative Auditor
PO Box 201705
Helena, MT 59620-1705

Dear Mr. Seacat:

Attached are the Department of Public Health and Human Services responses to the recommendations made in the audit report of The Economic Assistance Management System.

We are pleased to be reassured of the integrity of the system which supports Montana's Families Achieving Independence in Montana program.

Sincerely,

A handwritten signature in cursive script that reads "Michael G. Billings".

Michael G. Billings Administrator
Operations & Technology Division

Recommendation #1

We recommend the department ensure the required documentation is maintained in the client's hard copy file in accordance with FAIM policy.

Response:

The department concurs. The FA220 checklist is required per FAIM policy and is used as a tool for eligibility workers to assure participants are informed of their rights and responsibilities under the FAIM program. Federal law requires us to inform participants of their rights and responsibilities which can be done in writing or verbally. If the participant refuses to sign the FA220 or the information is provided verbally for some other reason, we will ask eligibility workers to maintain a copy of the checklist in the file with a notation that the participant did not sign the form.

We are in the process of revising the FA220 and upon re-print, we will provide additional training to field staff in its use and the requirement to keep a hard copy in the file. Until then, field monitors will remind staff to include the hard copy FA220 in cases as a routine component of the participant's annual case review, and we will include a refresher on this topic in statewide quarterly training.

Recommendation #2

We recommend the department ensure caseworkers follow established procedures to record time clock exemptions in TEAMS.

Response:

The department concurs. An accurate record of time clock exemptions is important. Our agency attorney is advising us about how to handle retroactive time clock adjustment requests and how to re-word the written information we provide to participants to assure there is no misunderstanding of how exemptions apply. We will again clarify with field staff the appropriate procedures for recording exemptions and "months used" in other states, and also provide additional training to assure staff follow procedures to verify that time limits are recorded correctly.

Recommendation #3

We recommend the department update income and resource code tables to comply with current federal regulations.

Response:

The department concurs. We have been aware of the need to update the income and resource code tables in TEAMS. We are still in the process of re-programming TEAMS

to meet all the requirements of federal welfare reform which has been a higher priority. We instructed staff how to use the system to manually avoid the incorrect table codes, but apparently there have been occasional entries in inappropriate fields. We believe these instances are few, but recognize it as an important correction to make. An enhancement request has been developed and submitted. We will give the enhancement a higher priority code to assure it is completed as soon as possible. With the other programming priorities currently being worked on, we anticipate a completion date of late summer.

Recommendation #4

We recommend the department establish procedures to identify and remove unnecessary contact employee system access privileges upon change in project assignments.

Response:

The department concurs. As a security measure, the department has a process in place to deauthorize access to contract employees who no longer need access to TEAMS. This process has been implemented.